

UNCTAD

Multi-Year Expert Meeting on Commodities and Development 2013

Recent developments and new challenges in commodity markets, and policy options for commodity-based inclusive growth and sustainable development

Room XXVI
Palais des Nations
Geneva, Switzerland

The medium term outlook for grains and oilseeds

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International Grains Council

20 MARCH 2013

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International Grains Council



UNCTAD Multi-Year Expert Meeting on Commodities and Development *Fifth Session*

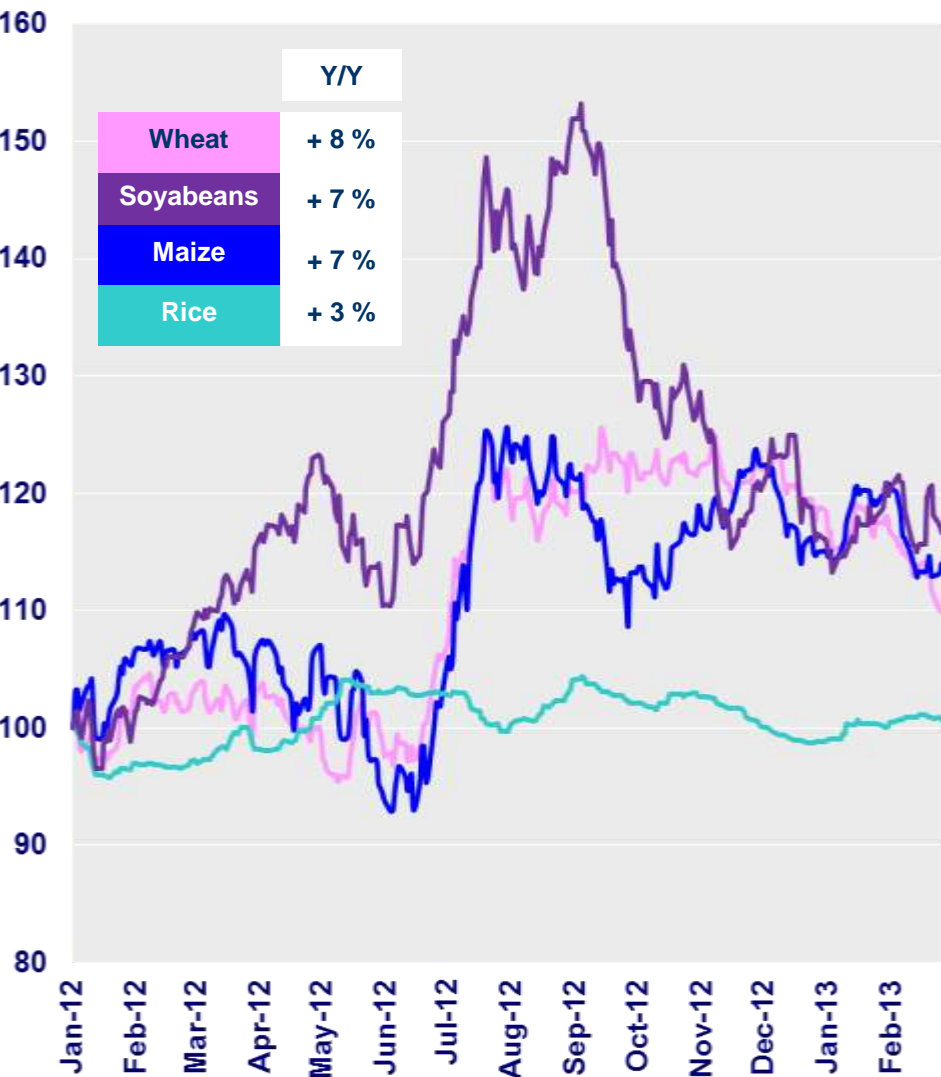
Geneva
20-21 March 2013

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IGC GOI down from highs, but grains still elevated

IGC daily index (GOI), rebased: Jan 2012 = 100

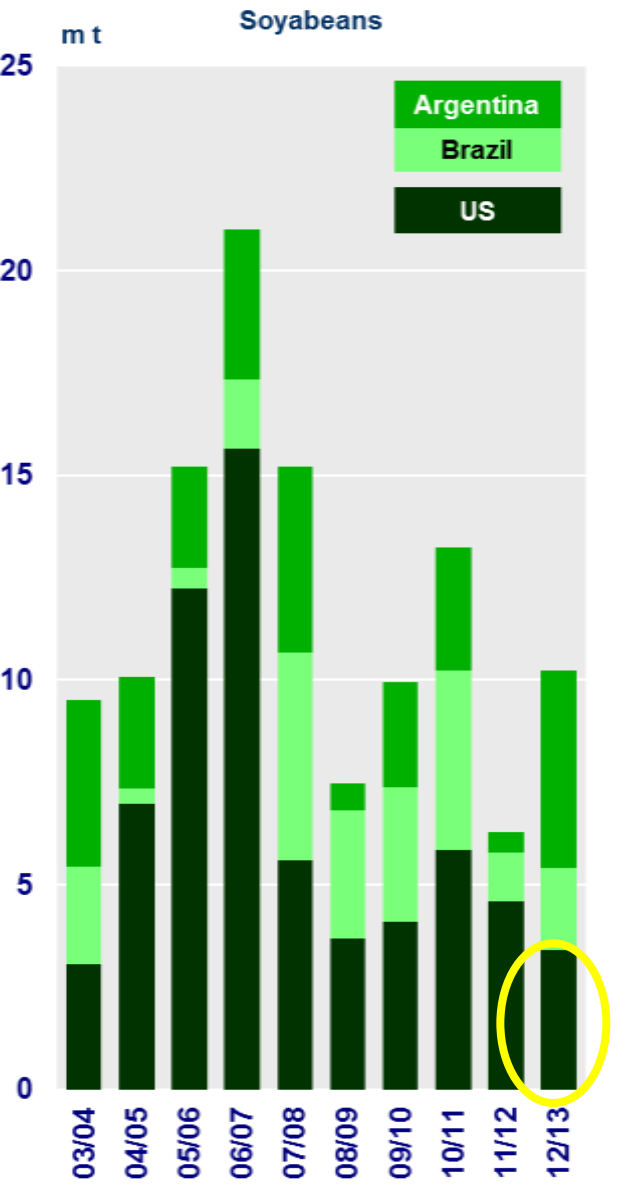
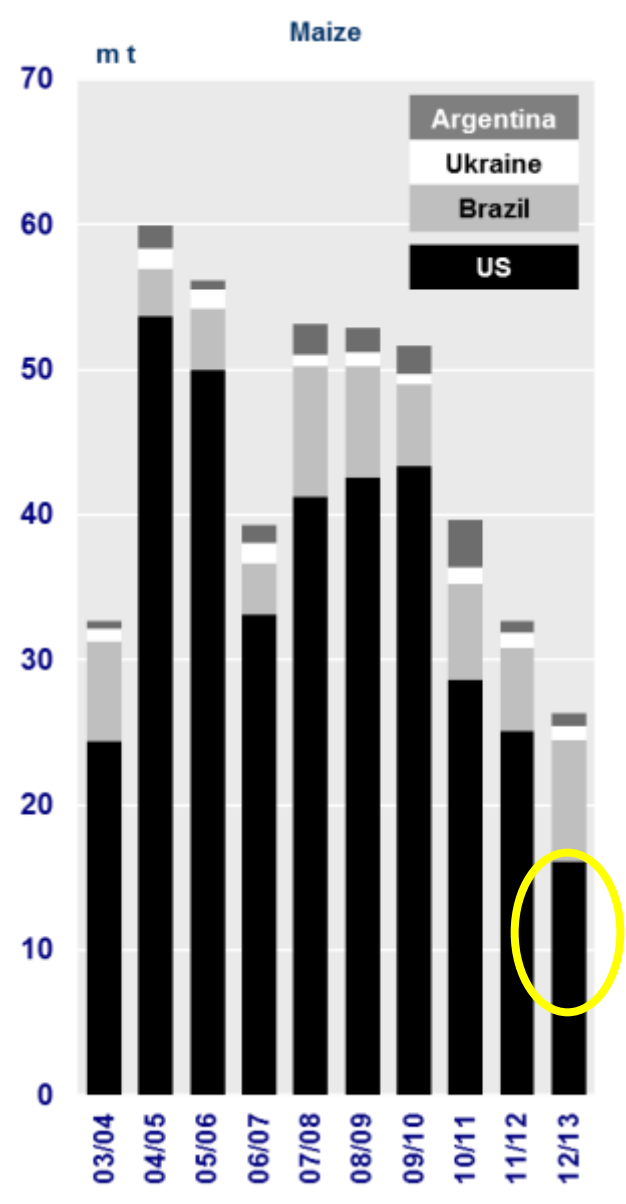
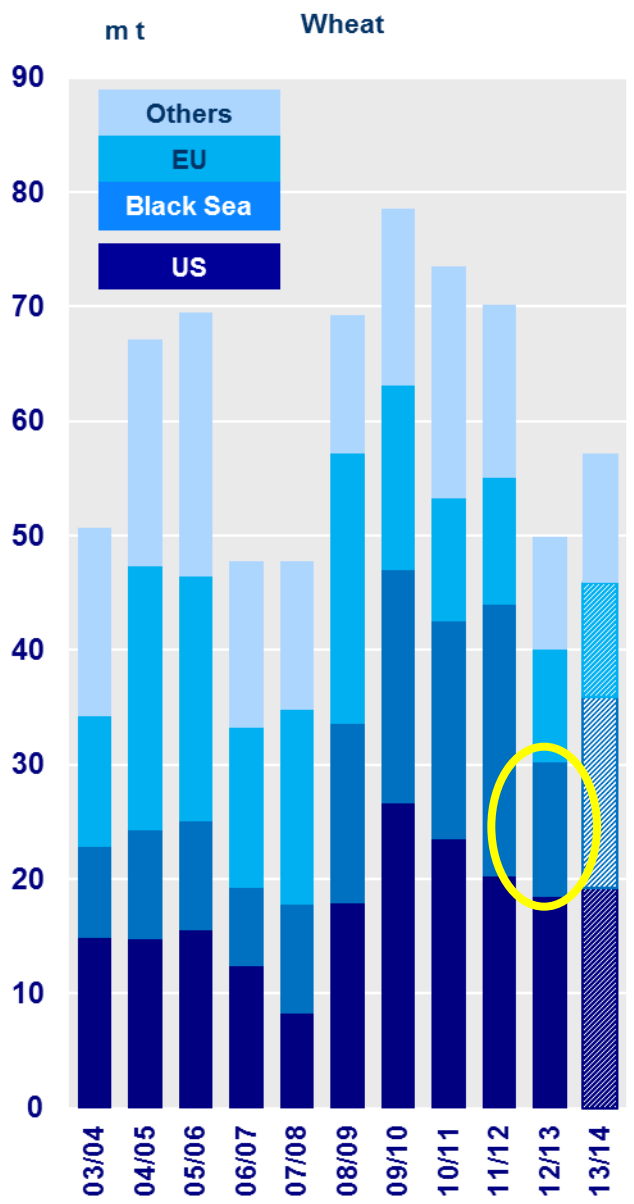


Dow Jones–UBS commodity indices



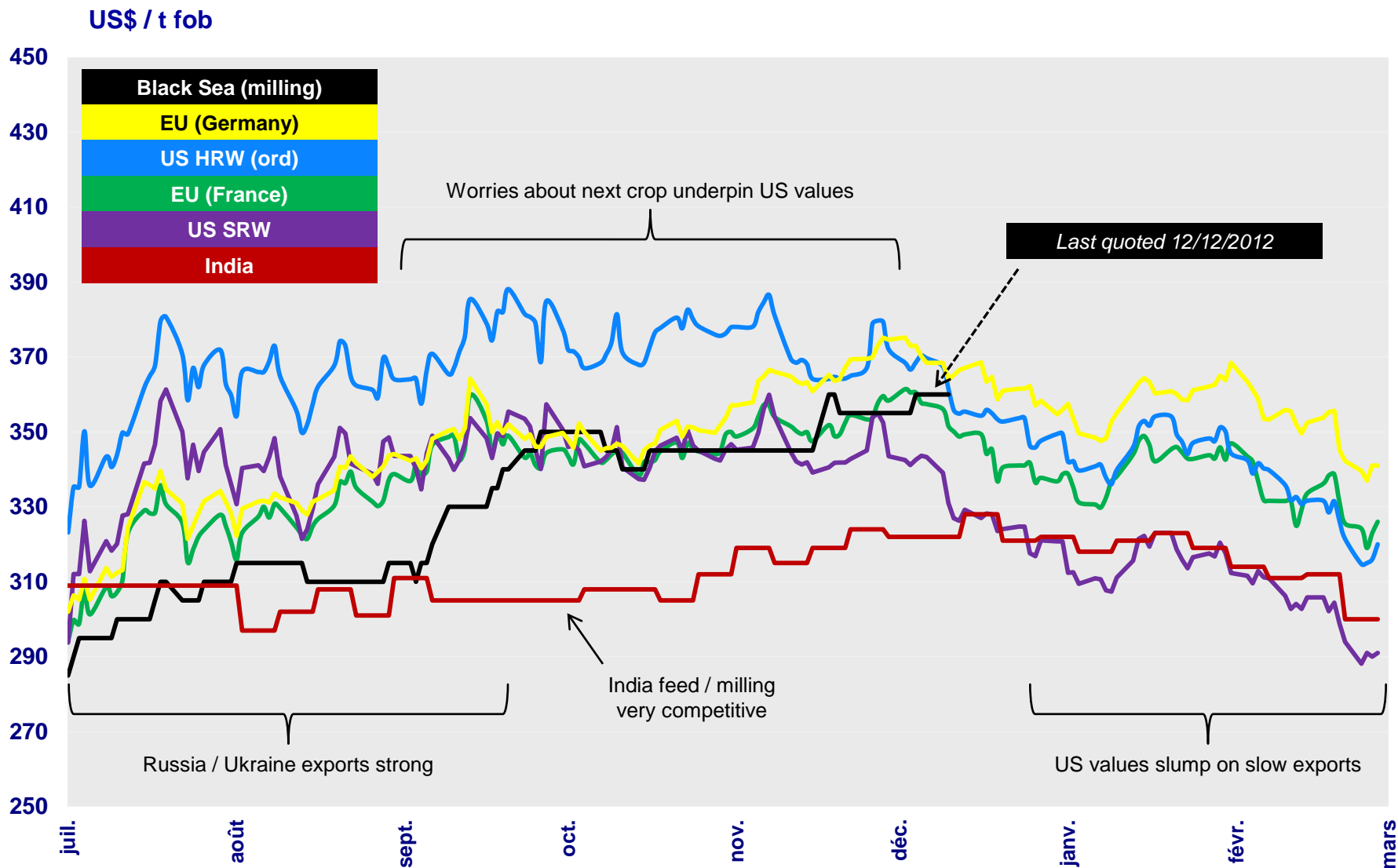


Larger availabilities are needed in 2013/14, especially in the Black Sea / US

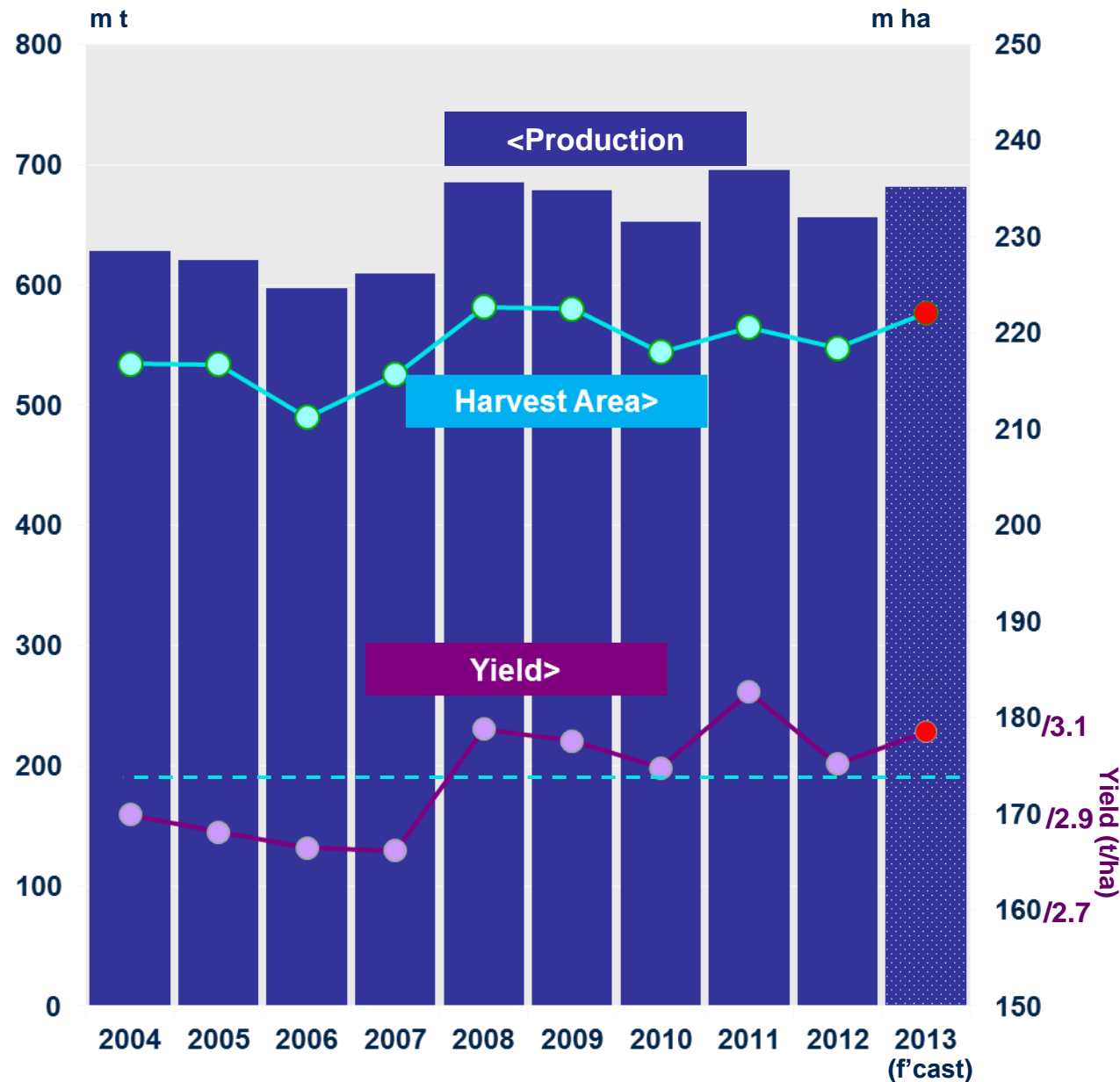




Wheat: price relationships shift over the season - is demand moving to the US?



Wheat production to increase in 13/14 on larger harvested area



AREA

- Wheat area is forecast 1.7% higher due to increased plantings in the EU, Russia, Ukraine, Canada, South America and Australia
- Areas assumed nearly unchanged in India, China and North Africa
- Drought conditions are expected to increase winter wheat abandonment in the US

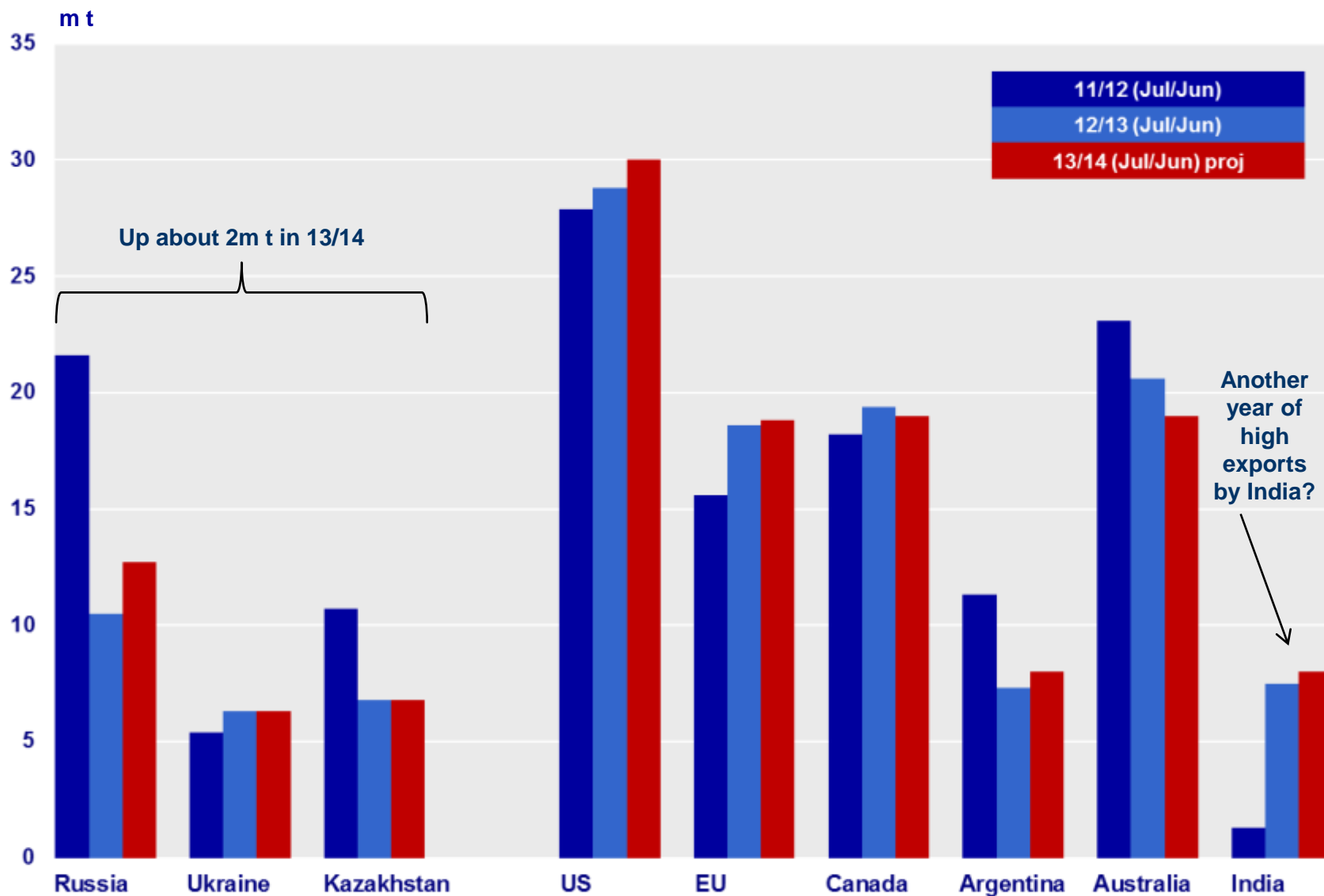
YIELD

- Average yield is forecast slightly above long term values, but below record of 2011/12
- Provided normal weather, yields are forecast to recover in the EU, CIS, North Africa and Australia

Yield (t/ha)
180/3.1
170/2.9
160/2.7



Wheat export prospects for 13/14: only a small rise in Black Sea exports expected



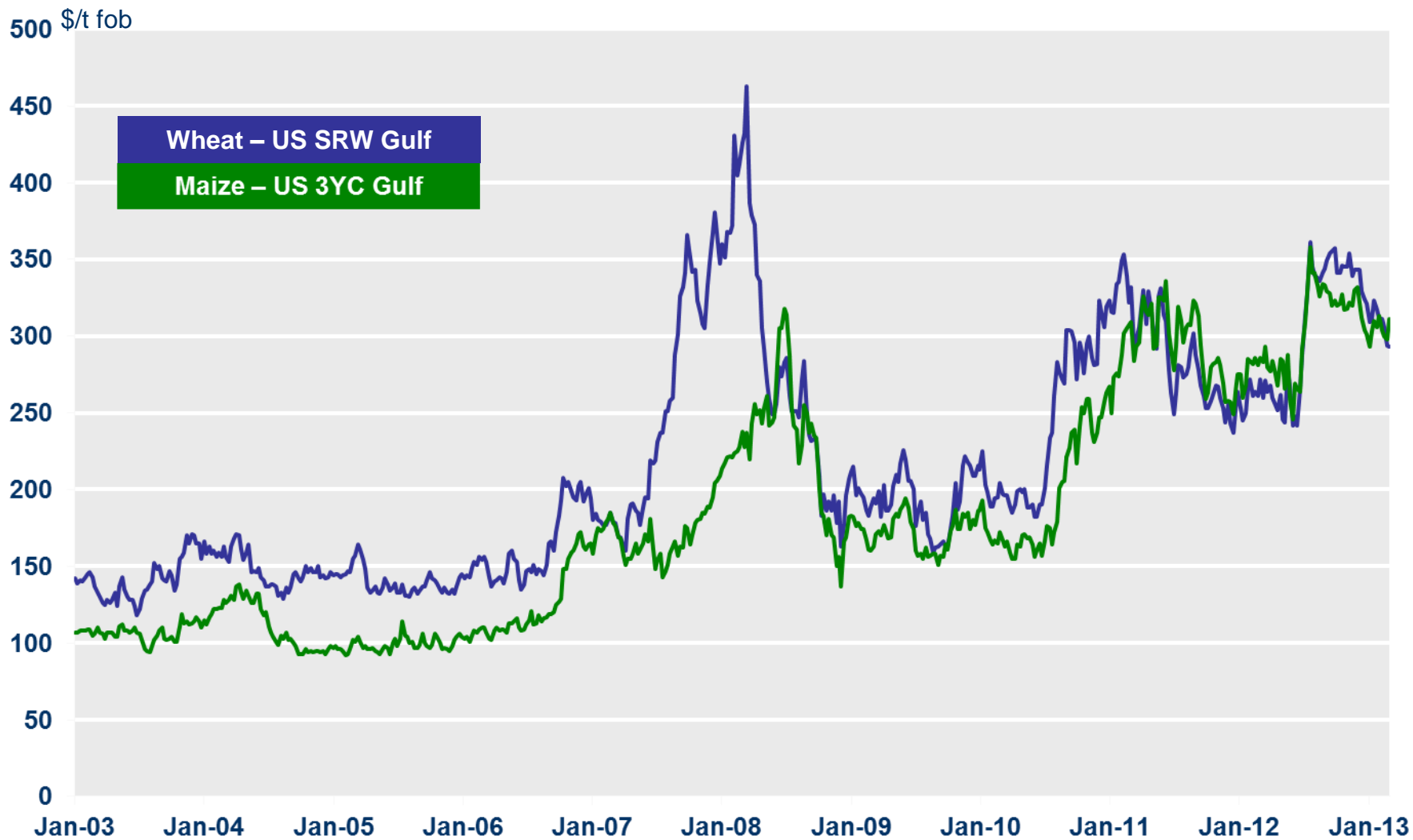


Wheat: Bigger world crops to be absorbed by rising use; stocks stay tight

m. tons	2011/12	2012/13	2013/14?	2017/18??
Production	696	656	682	731
Supply	890	853	859	901
Trade	145	137	137	147
Consumption	693	677	681	731
Stocks	197	176	178	169
of which: Exporters	70	50	66	63

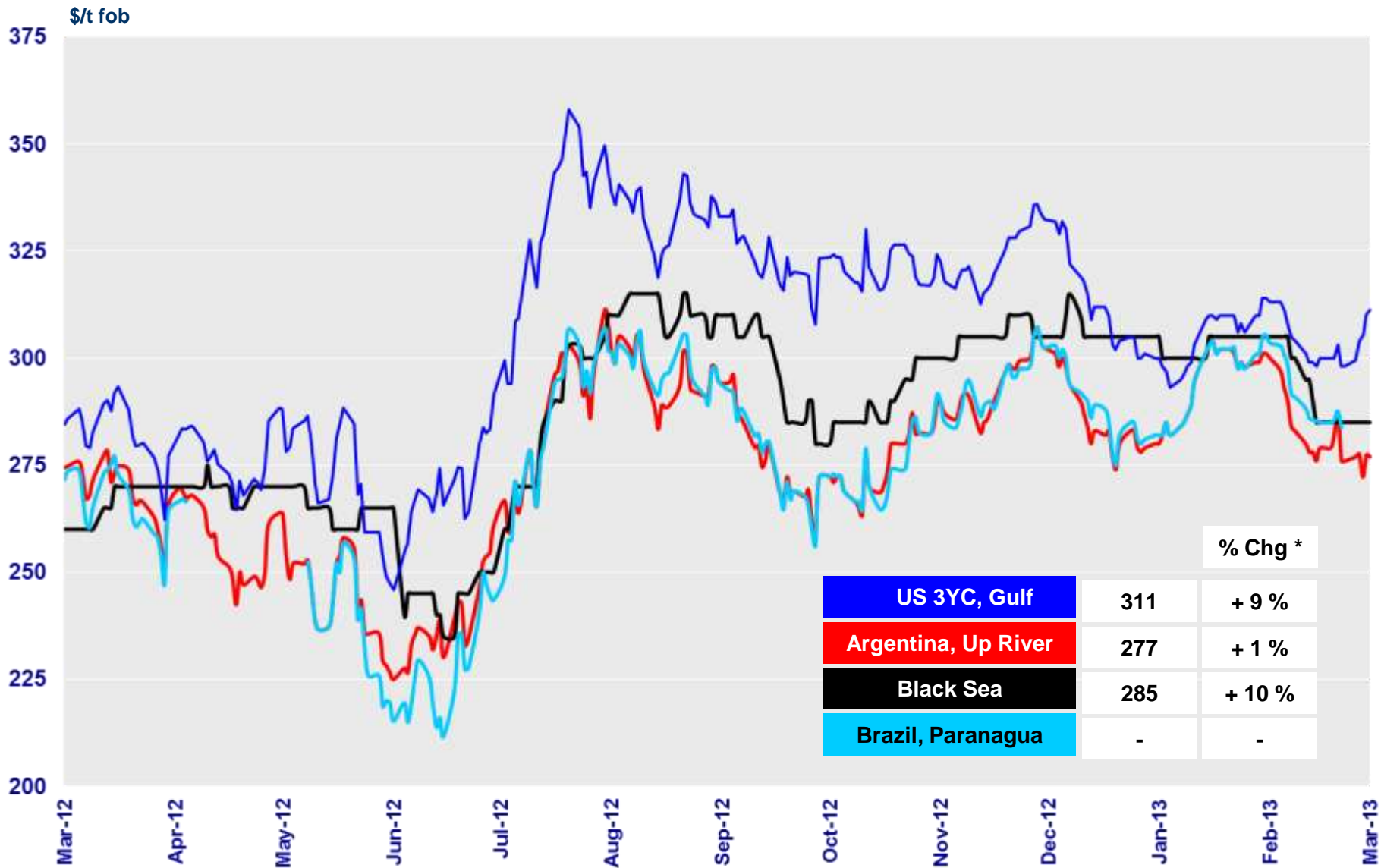


Price trends favour feed use of wheat in recent years





Maize (corn): US prices still at a premium to other origins, despite slow export demand



* % change year-on-year (y/y).



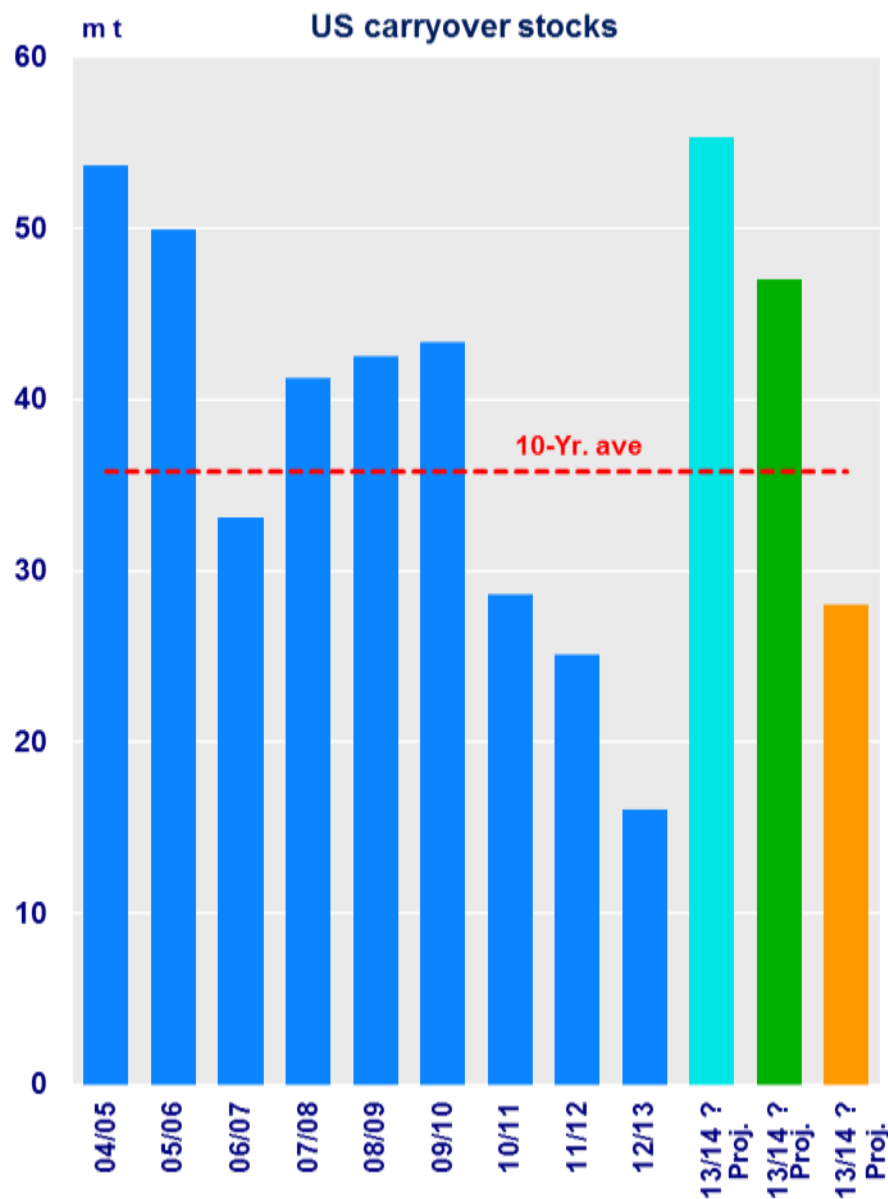
Maize (corn): US 13/14 ending stocks are projected to increase, but by how much?

	2012/13 f'cast	2013/14 USDA Ag. Forum	2013/14 IGC	2013/14 What if?
Yields	7.7	10.3	9.7	9.0 ??
Production	274	369	357	325 ??
Domestic Use	263	292	289	280 ??
Exports	23	38	37	33 ??
Carry-out	16	55	47	28 ??

t/ha / m t

↓
17-Year low

↓
26-Year high





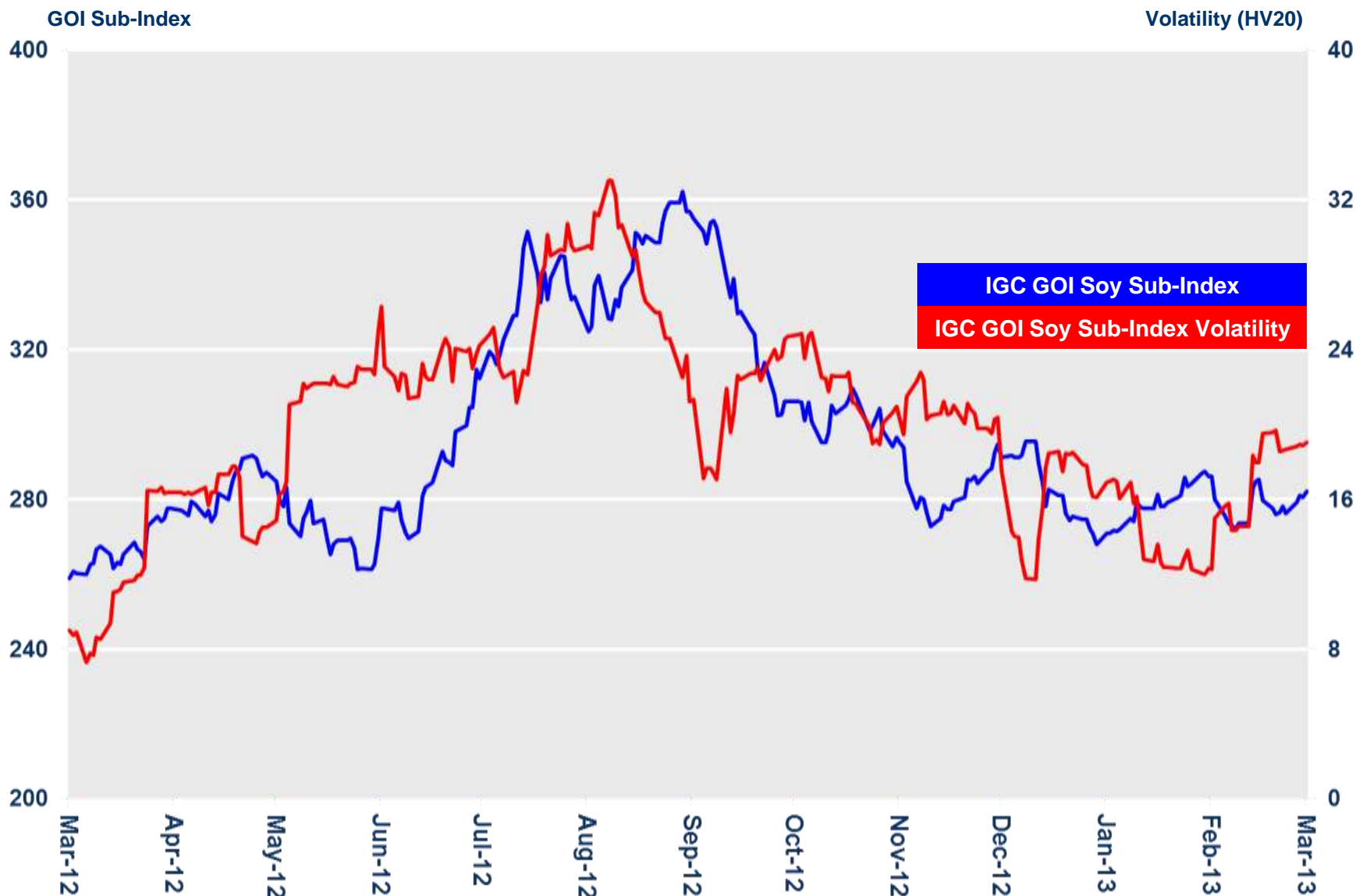
Maize: Record global crops projected, but stocks stay tight

igc.int

m. tons	2011/12	2012/13	2013/14?	2017/18??
Production	877	850	923	981
Supply	1008	981	1037	1108
Trade	97	94	98	121
Consumption	877	867	902	988
Stocks	131	114	135	120
of which: Exporters	33	26	57	52



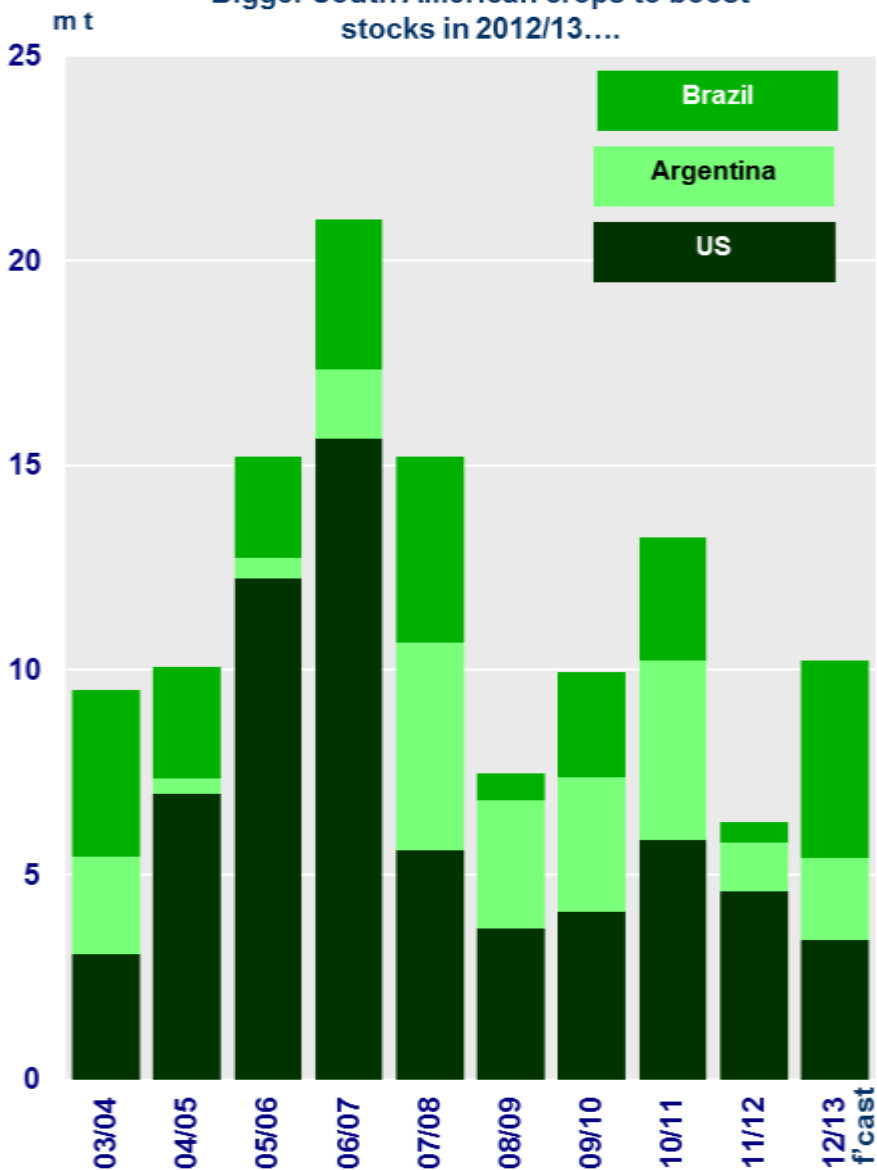
Soyabeans: prices and volatility ease, weighed by likely record crops in S America





Soyabeans: the US 13/14 carryover is projected to rise, but all hinges on a bumper crop

Bigger South American crops to boost stocks in 2012/13....



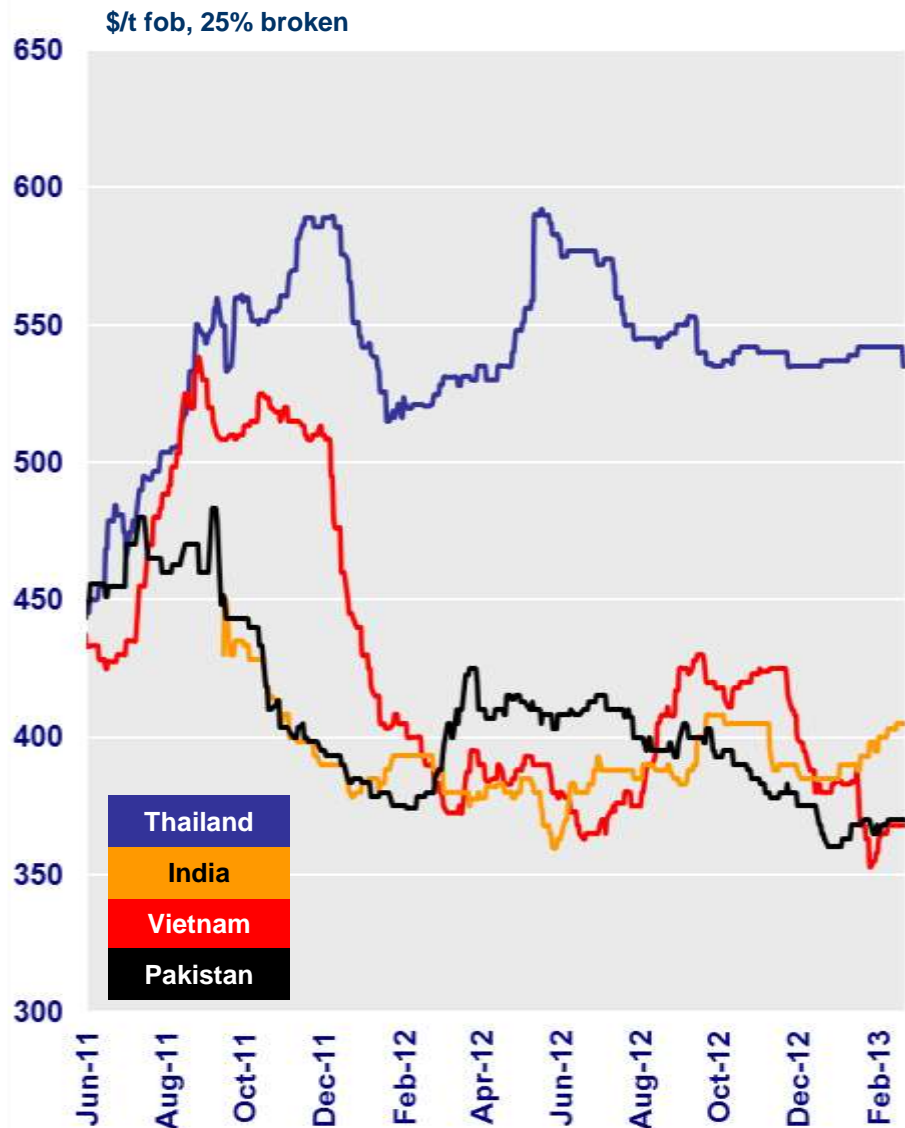
Tentative projections for US in 2013/14 rest on prospects for strong yields

m t *	Five year average	2012/13 f'cast	2013/14 proj. USDA Ag. Forum	2013/14 What if yields are average?
Yields (t/ha)	2.81	2.67	2.99	2.81
Production	85.8	82.1	92.7	87.1
Domestic Use	48.6	47.2	48.9	47.9
Exports	38.1	36.6	40.8	38.5
Carry-out	4.3	3.4	6.8	4.5

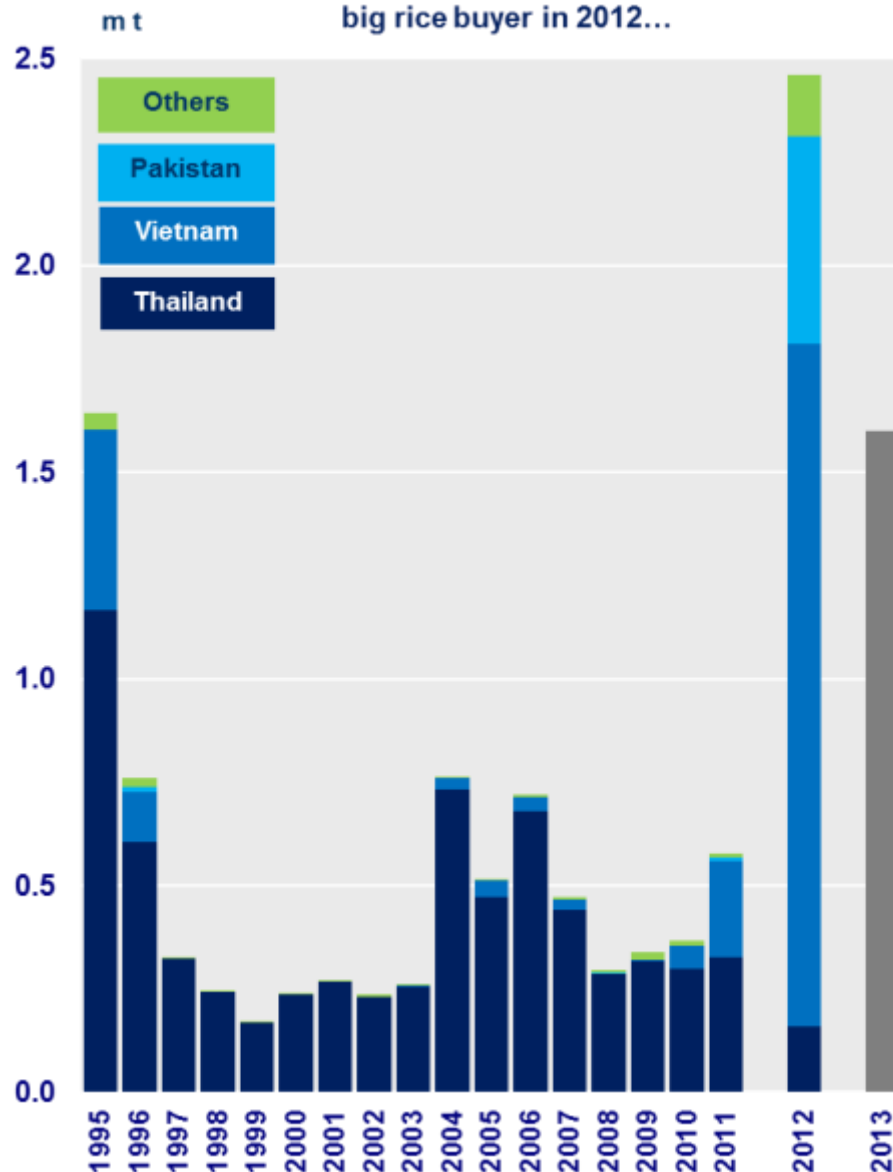
* Unless otherwise stated.

Rice: Thai exports too expensive. China's imports surge

Thailand prices at a marked premium due to intervention buying



China was an unexpectedly big rice buyer in 2012...



- **Overview**

- Global background unsupportive; lacklustre growth, recently firmer dollar and weaker oil prices
- Prices still elevated; fundamental outlook improved, but stocks still tight and vulnerable to supply disruption
- Volatility picked up slightly, but still at low level
- Freight rates in grain-carrying sectors remain under pressure

- **Wheat**

- Global supply and demand balance is tight; major exporters' stocks at five-year low.
- After strong early sales in 2013/13, Black Sea wheat surplus sold, US now the cheapest origin
- Only a small increase in world wheat stocks projected for end 2013/14, despite output recovery

- **Maize**

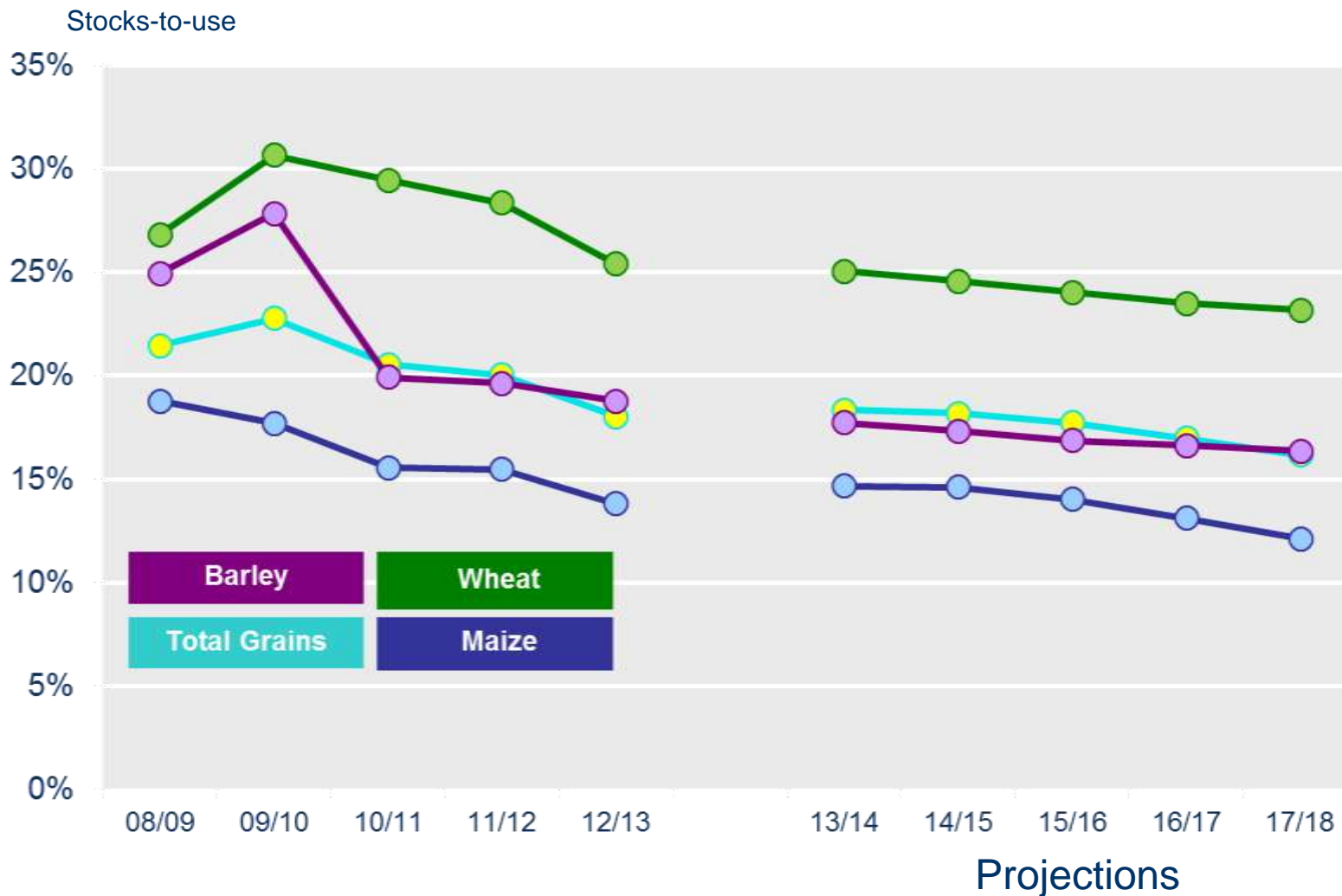
- World 2012/13 carryover stocks forecast at 6-year low, 16-year low for key exporters
- Output should recover in 2013/14; unusual dip in consumption unlikely to be repeated
- US 2013/14 stocks expected to rise y/y; US should regain position as world's biggest exporter

- **Oilseeds**

- Soyabeans: Despite poor weather and quality concerns, Argentina and Brazil to harvest record 2012/13 crops
- USDA projects US crop at 93m t (+13% y/y) in 2013/14 on improved (record) yields
- As with maize, Brazil to remain a strong competitor, but logistics remain a challenge
- Rapeseed market is particularly tight, even with a projected record crop in Canada

- **Rice**

- Thai exporters priced out of world market by state intervention, South Asia and Vietnam compete
- China was an unexpectedly big buyer in 2012, but its needs are highly uncertain in 2013
- Exporters' stocks appear comfortable





2013 IGC GRAINS CONFERENCE



Tuesday 11th June 2013 : Queen Elizabeth II Conference Centre, Westminster, London



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